
PRICING SUPPLEMENT

27th January, 1998

**European Bank for Reconstruction and Development
Issue of ITL150,000,000,000 Fixed/Reverse Floating Rate Notes
due 30th January, 2013 (the "Notes")
issued pursuant to a Euro Medium Term Note Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions. A further explanation of such terms is set out in the Prospectus in the section headed "Issue Procedures".

SUMMARY OF THE NOTES

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| 1. | Specified Currency: | Italian Lire ("ITL") |
| 2. | Nominal Amount: | ITL 150,000,000,000 |
| 3. | Type of Note: | From and including, the Issue Date to, but excluding, 30th January, 2001 (the "Fixed Rate Period") - Fixed Rate Notes. |
| | | From, and including, 30th January, 2001 to, but excluding, the Maturity Date (the "Floating Rate Period") - Floating Rate Notes |
| 4. | Issue Date: | 30th January, 1998 |
| 5. | Issue Price: | 101.25 per cent. |
| 6. | Maturity Date: | 30th January, 2013 |
| 7. | Fungible with existing Notes: | No |
| 8. | Pricing Supplement to be read in conjunction with Prospectus dated: | 29th August, 1997 |

FORM OF THE NOTES

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| 9. | Form of Note: | Bearer |
| 10. | Specified Denomination(s): | ITL 1,000,000, ITL 10,000,000 and ITL 100,000,000 |
| 11. | Exchange of Bearer Notes: | Temporary Global Note exchangeable for permanent Global Note on certification as to non-US beneficial ownership on or after 40 days after the Issue Date and thereafter permanent Global Note exchangeable in |
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whole but not in part for definitive Notes only upon the occurrence of an Exchange Event (as defined in Part II of Schedule Three to the Agency Agreement).

12. (a) Talons for future Coupons to be attached to definitive Bearer Notes: No
- (b) Date(s) on which the Talons mature: . . . Not applicable
13. (a) Registered holder of Registered Global Note: Not applicable
- (b) Exchange of Registered Global Note: Not applicable

PROVISIONS RELATING TO INITIAL PAYMENT

14. Partly Paid Notes: No

PROVISIONS RELATING TO INTEREST

15. Interest Commencement Date: 30th January, 1998 in respect of the Fixed Rate
30th January, 2001 in respect of the Floating Rate

Fixed Rate Notes:

The following provisions will apply to the Notes during the Fixed Rate Period:

16. (a) Fixed Rate(s) of Interest: In respect of the period from, and including the Issue Date up to, but excluding, 30th January, 1999 - 11.00 per cent. per annum;
- In respect of the period from, and including 30th January, 1999, but excluding, 30th January, 2000 - 9.00 per cent. per annum;
- In respect of the period from, and including 30th January, 2000, but excluding, 30th January, 2001 - 8.00 per cent. per annum.
- For the purpose of Condition 4(a)(i), the Maturity Date shall mean 30th January, 2001.
- (b) Fixed Interest Date(s): 30th January, 1999
30th January, 2000; and
30th January, 2001
- (c) Initial Broken Amount Not applicable

per denomination:

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| (d) | Final Broken Amount
per denomination: | Not applicable |
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Zero Coupon Notes:

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| 17. | (a) | Accrual Yield: | Not applicable |
| | (b) | Reference Price: | Not applicable |
| | (c) | Other formula or basis
for determining
Amortised Face
Amount: | Not applicable |

*Floating Rate Notes
and Indexed Notes:*

The following provisions will apply to the Notes during the Floating Rate Period:

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| 18. | (a) | Manner in which Rate of
Interest is to be
Determined: | <p>The Rate of Interest for each Interest Period shall be determined in accordance with the following formula:</p> <p>15.00 per cent. minus (2 x 12 month ITL-LIBOR-BBA x 365/360 (or, in the case of an Interest Period commencing in a leap year, 366/360)),</p> <p>where:</p> <p>"12 month ITL-LIBOR-BBA" means, in relation to an Interest Period, the Reference Rate for that Interest Period.</p> <p>"Banking Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.</p> <p>"Interest Determination Date" means, in relation to each Interest Period, the second Banking Day preceding the first date of such Interest Period.</p> <p>"Reference Banks" means Deutsche Bank AG London, Lloyds Bank Plc, Citibank International plc and Banca Commerciale Italiana.</p> <p>"Reference Rate" means, in relation to an Interest Period, the rate for twelve month deposits in Italian Lire which appears on the Relevant Screen Page as of 11.00</p> |
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a.m., London time, on the relevant Interest Determination Date.

If such rate does not appear on the Relevant Screen Page, the Reference Rate for that Interest Period will be determined on the basis of the rates at which deposits in Italian Lire are offered by the Reference Banks at approximately 11.00 a.m., London time, on the Interest Determination Date to prime banks in the London interbank market for a period of twelve months commencing on the first date of such Interest Period and in a Representative Amount. The Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that Interest Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the Reference Rate for that Interest Period will be the arithmetic mean of the rates quoted by major banks in Rome, selected by the Agent, at approximately 11.00 a.m., Rome time, on the first day of that Interest Period for loans in Italian Lire to leading European banks for a period of twelve months commencing on the first date of such Interest Period and in a Representative Amount.

"Relevant Screen Page" means Telerate Page 3740 or such other page as may replace that page on the Dow Jones Telerate Service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to ITL-LIBOR-BBA.

"Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time.

For the avoidance of doubt, Conditions 4(b)(iii) and (iv) shall not apply.

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| (b) | Margin(s) | Not applicable |
| (c) | Minimum Interest Rate (if any): | 0 per cent. per annum (for the Floating Rate Period) |
| (d) | Maximum Interest Rate (if any): | None |

19. If ISDA Determination:

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- (a) Floating Rate Option: Not applicable
- (b) Designed Maturity: Not applicable
- (c) Reset Date: Not applicable
20. **If Screen Rate Determination:**
- (a) Reference Rate: Not applicable
- (b) Relevant Screen Page: Not applicable
- (c) Interest Determination Date: Not applicable
21. **If Indexed:** Not applicable
22. **If Rate of Interest not to be determined by ISDA or Screen Rate Determination or by reference to an Index or Formula:** Not applicable
23. **General Provisions for Floating Rate Notes and Indexed Notes:**
- (a) Interest Payment Dates: 30th January in each of the years 2002-2013.
- (b) Business Day Convention: Following Business Day
- (c) Business Day definition if different from that in Condition 4(b)(i): "Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, New York and Milan.
- (d) Terms relating to calculation of Interest Amount: Interest is calculated from 30th January, 2001 up to, but excluding, the Maturity Date.
- Each Interest Amount shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and for this purpose, the second sentence of Condition 4(b)(v) shall be deemed to be deleted and replaced with the following:
- "Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12
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30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention."

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| (e) | Party responsible for calculation of interest: | Agent |
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PROVISIONS REGARDING PAYMENTS

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| 24. | Definition of "Payment Business Day" for the purpose of Condition 6(a) or (b) if different to that set out in Condition 6: | "Payment Business Day" means any day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, New York, Milan and in the relevant place of presentation. |
| 25. | Dual Currency Notes: | Not applicable |

PROVISIONS REGARDING REDEMPTION/MATURITY

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| 26. | (a) Redemption at Issuer's option: | No |
| | (b) Redemption at Noteholder's option: | No |
| 27. | (a) Final Redemption Amount for each Note (<i>other than</i> an Indexed or Formula Note where the index or formula applies to the redemption amount): | 100 per cent. of the nominal amount of each Note |
| | (b) Final Redemption Amount for each Indexed Note where the Index or Formula applies to the Final | Not applicable |

Redemption Amount:

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| 28. | Instalment Note: | Not applicable |
| 29. | Early Redemption Amount for each Note payable on an event of default: | 100 per cent. of the nominal amount of each Note |

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS

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| 30. | Method of distribution: | Syndicated |
| 31. | If syndicated, names of Managers or, if non-syndicated names of Purchasers: | <p>MORGAN STANLEY & CO. INTERNATIONAL LIMITED</p> <p>BANCA POPOLARE COMMERCIO E INDUSTRIA SOC. COOP. AR.L.</p> <p>CASSA DI RISPARMIO IN BOLOGNA S.P.A.</p> <p>ICCREA S.P.A.</p> <p>ISTITUTO DI CREDITO DELLE CASSE DI RISPARMIO ITALIANE S.P.A.</p> |
| 32. | Stabilising Dealer/Manager | Morgan Stanley & Co. International Limited |
| 33. | Additional sales restrictions: | <p>Each Manager represents and agrees that no action has been or will be taken which would allow an offering of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered, sold or delivered and neither the Prospectus nor any other offering material relating to the Notes may be distributed or made available in the Republic of Italy unless:</p> <p>(i) such activities are carried out by a securities intermediary appropriately authorised to conduct such activities in the Republic of Italy and in accordance with applicable Italian securities laws and requirements; and</p> <p>(ii) the applicable requirements for notices to the Bank of Italy under article 129 of Legislative Decree No. 385 of 1st September, 1993, as amended, and the Bank of Italy's instructions issued thereunder are fully complied with.</p> |

Individual sales of the Notes to any person in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

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| Details of additional/alternative clearing system approved by the Issuer and the Agent: | None |
| 35. Common Code: | 8362025 |
| ISIN Code: | XS0083620251 |
| CUSIP Number: | Not applicable |
| 36. (a) Notes to be listed: | Yes |
| (b) Stock Exchange(s): | London Stock Exchange Limited |

For and on behalf of

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: 

Authorised signatory

[The following information is to be included only in the version of the Pricing Supplement which is submitted to the London Stock Exchange in the case of Notes to be listed on such Exchange:]

Application is hereby made to list this issue of Notes pursuant to the listing of the ECU 10,000,000,000 Euro Medium Term Note Programme of European Bank for Reconstruction and Development (as from 30th January, 1998).

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Morgan Guaranty Trust Company of New York
(as Agent)]